

To: Administrator Pruitt
From: Tate, Stephen, Erin, Clint
Subject: Meeting with Economic Alliance Houston Port Region
Date: March 21, 2018
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Deliberative Process / Ex. 5

ATTENDEES:

- Laura Chambers, LyondellBasell
- Stephanie Pizzoferrato, Covestro
- Elizabeth Boylan, Solvay
- Texas State Representative Dennis Paul
- Martha Landwehr, Texas Chemistry Council
- Connie Tilton, ExxonMobil Baytown
- Hector Rivero, Texas Chemistry Council



Economic Alliance Houston Port Region Federal Public Policy Considerations – 2018

The Economic Alliance is a regional economic development organization representing the world's most influential energy corridor and trade port. The organization is described below with a brief description of our mission, community/member participation, economic development activity, and policy considerations:

Mission:

- To grow and market a vibrant regional economy through economic development, public policy, workforce development, and quality of life initiatives.

Participation:

- 12 cities, Harris County and Port Houston.
- 250 Private Sector members that includes global leaders in refining and petrochemical production.

Representing:

- 25-Mile reach of the Houston Ship Channel
- The nation's largest petrochemical complex and the busiest port in terms of foreign tonnage.
- 1.1M Jobs related to the Houston Ship Channel activities.

Policy Considerations:

- The combination of our members, industries, institutions, and economic assets make our footprint the most sought-after region in the entire world for petrochemical, manufacturing, maritime and logistics operations.

The Policy Considerations that are vital to the Houston Port region will work to create an environment that bolsters job creation and encourages investment in our residents/workforce, institutions, infrastructure, and businesses are outlined as follows:

- 1. Surface & Water Infrastructure Investment**
- 2. Storm Surge Protection**
- 3. Workforce Investment**
- 4. Industrial Regulatory**
- 5. NAFTA Modernization**





1. Surface & Water Transportation Investment

Federal investment in maritime commerce and freight mobility provide a significant return to the nation's economy. The Port of Houston is just such an example. It is the largest U.S. port in foreign tonnage, second in overall tonnage, largest export port in the U.S., and the largest container port in the Gulf of Mexico.

These employers and manufacturers rely on the Houston Ship Channel and the region's freight network to remain competitive, efficient, and grow.

Supporting:

- **Increased Appropriations from the Harbor Maintenance Trust Fund (HMTF)**
 - The Port of Houston has generated between \$70 million to \$100 million per year in Harbor Maintenance Tax revenues but receives an average of \$35 million annually.
 - The Houston Ship Channel needs an estimated \$50-\$60 million per year to adequately maintain dredging and placement areas, so the maritime system can effectively and efficiently function.
 - Because of a backlog of work due to several years of insufficient funding, the current maintenance dredging needs are approximately \$80 million.
 - Enough HMTF revenue is collected each year to meet the nation's authorized harbor maintenance needs, but only 2/3 is appropriated for harbor maintenance. Our thanks to Congress for continually increasing the appropriations from the HMTF to its intended purpose of maintaining the nation's waterways.
 - Our thanks to Congress for passage of the Water Resources Development Act (WRDA) of 2016 which contained provisions important to the Houston Ship Channel and other ports in Texas
- **Corps of Engineer Processes are Key**
 - It's very important for the Corps to implement and continuously improve processes that sustain the port and support growth, including:
 - **Elimination of market rate fees for use of placement areas**
 - **Full use of 217b agreements with sponsors** - which will return more funds to the channel project
 - **Streamlining reports and approvals** - common sense, good business practices, which enable flexibility and responsive support to sponsors
 - **Local decision making** - especially for routine activities





2. Storm Surge Protection

The Texas Gulf Coast Region is a vital economic artery with the Houston Port region being home to the largest petrochemical complex and export port in the United States.

Hurricane Ike made landfall along the Texas Gulf Coast and accounted for over \$30B in damages to the region, most of which was a direct cause of storm surge/flooding. The State of Texas has invested major state funding, conducted extensive academic research, and has developed a consensus plan to protect our region.

Supporting:

- **Supplemental Federal Funding for Hurricane Surge Protection**

- This funding should be focused on the expediting of design and building of a "Coastal Spine" (barrier) to protect industry, infrastructure, and residents from storm surge associated with hurricanes/tropical storms.

3. Workforce Investment

The continued expansion in our region has created approximately 3,600 new jobs and is now facing the attrition of nearly 12,000 petrochemical/production jobs in the next several years. These are middle skills jobs which require an associate degree or certificate, but not necessarily a bachelor's degree.

We encourage Congress to continue investing in America's labor force through grants with the Departments of Labor, Education, and Energy. San Jacinto College is working with the federal government to provide workforce training through the Ready to Work grant, the Carl D. Perkins Act, T-A-A Community College and Career Training grant, and the National Science Foundation STEM Talent Expansion Program.

Supporting:

- **Pell Grant Funding**

- Allow students to receive Pell Grants for a total of 14 full-time equivalent semesters.
- Allow additional access to Pell Grants for short-term workforce-oriented programs (such as truck driving, a need in our region).
- Increase the maximum award at a rate that reflects annual inflation.

- **Higher Education Act Reauthorization**

- **Risk Sharing and Loans:** Oppose new financial penalties or sanctions tied to loan repayment rates, defaults, or non-completion. We support the idea that college can limit borrowing based on enrollment intensity and degree and program type. Revise student loan cohort default rates by incorporating the percentage of students who borrow.
- **Transparency and Measurements:** Create a national student unit record data system to effectively track student enrollment, completion, and earnings information. Allow data to reflect that roughly 75% of all community college students nationally attend college part-time.





- **Reduce Regulatory Burden:** Areas of concern to community colleges include: verification of student aid information; gainful employment; campus crime reporting; and Title IX compliance, which presents unique challenges for largely commuter institutions.
- **Perkins Career and Technical Education Act (CTE) Reauthorization**
 - Reauthorize the Carl D. Perkins Career and Technical Education (CTE) Act to maintain program flexibility, allowing community colleges to address local needs while strengthening CTE programs. Enhance student pathways that promote college and career readiness and strengthen ties between community colleges and local businesses. Align reporting requirements for Perkins with related federal programs.

4. Industrial Regulatory

Environmental regulations must promote the shared national goal of a healthy environment while preserving America's ability to innovate and create jobs.

Our considerations ensure the most fair and equitable standards are in place to continue industry investment and improve chemical process safety, assist local emergency responders in responding to accident releases and safeguard the communities living around our member companies' facilities.

Supporting:

▪ **Renewable Fuel Standard (RFS) Reform**

- The Energy Independence & Security Act (EISA) became law in December 2007. EISA increased the mandated nationwide use of biofuels that includes mandates for the use of cellulosic biofuel, biomass-based diesel, and other nonconventional biofuels.
- Energy policy based on mandates distort free markets and result in less competition and innovation. Rather, the integration of alternate fuels should be based on free market principles.

▪ **TSCA Reform**

- The Frank R. Lautenberg Chemical Safety for the 21st Century Act (LCSA) was signed and enacted into law by President Obama on June 22, 2016. Industry should have the responsibility for providing sufficient information for EPA to make timely decisions about safety.
- EPA should have the responsibility for making safe use determinations for high priority chemicals, focusing on their most significant uses and exposures. EPA should act expeditiously and efficiently in making these safe use determinations within set time frames. EPA should rely on scientifically valid data and information from all sources. EPA should adequately staff this area in order to conduct the reviews and determinations in a timely manner.





- **Pete Olson's HR 806 on Ozone**

- We support changing the 5-year review cycle of ozone NAAQS standards to an every 10 year review in order to allow time for EPA to evaluate new data and studies. It also allows the States to meet the previous standard before implementing a new one. The Bill was passed by the House and is awaiting action by the Senate Environment and Public Works Committee.

- **Ozone, International Emissions**

- These are emissions beyond a State's control because they emanate from international sources (Mexico, Canada, China, India).
- EPA should provide guidance and tools to States in how to quantify and account for international emission contributions in state SIP submittals.
- States need to be able to compensate for these emissions in their SIP planning otherwise, the residents of these States will be asked to pay for these emissions reductions which are beyond their control. The cost of offsetting these emissions is often borne by small business, large businesses, industry, and citizens of Texas and can be in the hundreds of millions of dollars.
- Overall, compliance with federal NAAQS requirements is essential to maintaining a viable economy in Texas including the ability to continue to permit industrial and commercial business growth and maintain federal transportation funding.

5. NAFTA Modernization

Supporting:

- **Update of Trade Deal**

- Withdrawing from the North American Free Trade Agreement could create a tariff burden of up to \$9bn on US chemical exports to Canada and Mexico, while potentially lowering chemical exports to these countries by \$22bn.
- Instead of abandoning NAFTA, the three countries should update the trade deal to take into account changes that have taken place since its adoption in 1994.
- US exports to Canada and Mexico will likely reach \$44bn this year, up from \$13bn in 1994. They could reach \$59bn by 2025.
- In the US, 46,000 chemical jobs now depend on this trade with Canada and Mexico, according to the American Chemistry Council.

